Governor's Transportation Vision 21 Task Force
Preliminary Recommendations

June 2001

This document contains a blending of the recommendations developed by the three committees of the Task Force. The recommendations have been reorganized into four major categories. The four major categories are as follows:

Improve Transportation Planning and Programming Processes
Enhance Transportation System Accountability and Responsiveness
Development of 20 year Statewide Transportation System "Budget"
Identify and Establish Transportation System Funding Priorities

Improve Transportation Planning and Programming Processes

PLANNING AND PROGRAMMING GOALS:

- *Improve Responsiveness throughout Planning and Programming Processes*
- *Document System Performance and Expenditure Effectiveness*
- *Respond to Citizens' Future Need*

Task Force Recommendations:

Adopt a Statewide Transportation Policy Statement

State Transportation Board should be required, by law, to develop and adopt multi-modal transportation policies to be known as the Statewide Transportation Policy Statement. The purpose of the Policy Statement should be to assure the development and maintenance of a comprehensive, modally integrated and balanced statewide transportation system. The State Transportation Board should consider, and to the greatest extent practicable incorporate the transportation goals and policies of local and regional transportation agencies in developing these policies. The Policy Statement should be updated every two years.

Establish a Long-Range, Statewide, Multi-modal Transportation Plan

State law should require the State Transportation Board to adopt a Long-Range (minimum twenty years), Statewide, Multi-modal Transportation Plan. ADOT should develop the Plan, under the State Transportation Board's direction. The Plan should incorporate all modes of transportation, the transportation needs of all regions and all jurisdictions within the state and should consider any information developed as a result of federally mandated planning processes.

The Long-Range Plan developed through this process should facilitate Arizona's future, rather than direct it. The Plan should be recognized as a statement of the State's anticipated requirements at the time of its adoption. The Plan should also be seen as a part of the ongoing, evolutionary planning process. The Plan should be structured to meet the anticipated transportation needs of the State and should include the anticipated costs of implementing the Plan. The Plan should delineate the anticipated performance outcomes associated with its various components.

While the Long-Range Plan should not be fiscally constrained by projected existing revenues at the time of adoption, it should specifically identify the portion that can be funded with projected existing revenues and the differences in the expected transportation system outcomes at different funding and expenditure levels. The expected outcomes should be expressed using the same performance measures used in the performance based planning and programming processes. In addition, the final plan should include specific projects and uses of the projected available revenues.

Specific projects included in short-term programs must have been identified and prioritized in the Long-Range Plan. Any projects and priorities that were not established using the performance-based processes should not be included in the Plan.

The development of the Long-Range Plan should be in addition to any federally mandated planning requirements.

The Long-Range Plan should be updated annually with a major review every five years and should include greater specificity regarding near term activities and general direction in more distant time periods. The five-year updates should incorporate a "vision" of Arizona's future and work to develop a transportation system to meet the State's future.

The initial Long-Range Plan should be completed within two years following the issuance of the Task Force's final report and should reflect the recommendations and priorities identified by the Task Force.

Establish Regional Planning Policies

ADOT should develop, after consultation with local, regional and tribal transportation agencies, and the State Transportation Board should adopt policies and procedures to regulate the approval of specific transportation system projects at the regional level. The purpose of the policies and procedures should be to ensure all regions are using the same procedures. Such procedures should ensure that any regional project approval processes are conducted in accordance with federal and State Transportation Board policies, procedures and requirements.

Establish Comprehensive Standardized Data Collection and Reporting

ADOT should develop, after consultation with local, regional and tribal transportation agencies, and the State Transportation Board should adopt transportation data collection and reporting standards and methodologies. The standards should cover system characteristic data, traffic and

system utilization data, system performance data, estimated project costs, revenue data, future projections and correction of errors. ADOT should collect and annually report the standardized transportation data covering all aspects of the statewide transportation system. As much data as possible should be incorporated into a geographical database.

All transportation agencies within the State should be required, by law, to use the adopted standards and methodologies and to annually report required data to ADOT. Tribal transportation agencies should be encouraged to participate in the data reporting process. Any local transportation agency failing to use the adopted standards and methodologies and reporting requirements should be ineligible to receive any transportation revenue distributions.

Transportation System Needs Data

The State Transportation Board should continually maintain data concerning the estimated twenty-year needs of the state owned transportation systems and those other systems of interest to the statewide system. The Long-Range Plan, as updated, should serve as the basis for the estimated needs. The State Transportation Board should prepare a biennial report of state and local transportation needs, in those years in which a state operating budget is not adopted.

All cities, counties and other transportation agencies receiving State or federal transportation funds should be required to maintain standardized records of their twenty-year transportation needs and report those needs annually to the State Transportation Board. The State Transportation Board should adopt standards for the contents and complexity of the local transportation reports, which should recognize the differences in local circumstances. As appropriate, local transportation agencies may rely on the planning activities and reports of regional planning agencies.

Prioritize Congestion Relief / Commuter Services and Define, Identify and Improve Routes of Regional Significance

The transportation planning and programming processes should prioritize activities that address existing and future commuter needs and congestion relief, especially in the large urban centers.

ADOT should develop, after consultation with local, regional and tribal transportation agencies, and the State Transportation Board should adopt definitions and standards for "routes of regional significance". The definitions and standards should apply to all modes of transportation and should recognize the demographic and geographic differences in the various regions of the State.

ADOT should identify, after consultation with local, regional and tribal transportation agencies, and the State Transportation Board should confirm the identification of "routes of regional significance". Such routes should either be the responsibility of regional transportation districts or should be considered for inclusion in the state system. Subject to available funding, any local transportation agency failing to meet the adopted standards and methodologies within five years of adoption or subsequently failing to maintain the standards should be ineligible to receive any transportation revenue distributions, until such time as it is in compliance.

A regional Transportation Improvement Plan should not be moved forward without the identification of routes of regional significance and the scheduled implementation of the required standards.

Improve Aviation Planning

The proper planning and management of aviation services as an integrated part of the overall transportation system within the State must recognize the importance of the common airspace, land use decisions adjacent to airports and in major air corridors, effective inter-modal connections for both people and goods and facility requirements. Although airspace management is largely under the control of federal agencies, state, regional and local transportation planning must recognize and address airspace capacity and utilization issues. Additionally, the system performance measures for the aviation system must recognize the unique nature of aviation. Aviation planning must recognize the importance of airports as regional economic drivers and must incorporate inter-modal ground connections.

The Task Force recognizes the ongoing work of the State Aviation Needs Study, but believes that an objective, comprehensive study of Arizona's future aviation system needs, as an integral part the State's transportation system, should be undertaken. That study must examine, at a minimum, airspace capacity and utilization, land use compatibility, inter-modal connections and aviation facility requirements.

The Governor should establish, by Executive Order, an Advisory Committee on Aviation. The Committee shall be charged to report to the Governor a statewide comprehensive aviation strategy to define the needs and how to address the needs. The Committee shall specifically address airspace utilization and capacity, environmental issues, land use compatibility, connectivity to surface transportation, facility utilization, federal government aviation spending in Arizona, and federal government programs, the Committee should report back within one year of effective date of the Executive Order.

The Committee should be composed of not more than nine persons, all of whom have experience and expertise in aviation. In their capacity as committee members, individuals should not advocate for or represent any special or corporate interest. However, the committee should be required during the course of its deliberations to take testimony from all aviation interests including corporations, aviation business, military, special interest groups and citizens.

State and local transportation agencies should establish dialogue with Federal agencies concerning aviation issues in Arizona. Given that various federal agencies and the United States Congress have the authority to control airspace, establish law and regulations, and appropriate funds, which have a decisive impact on aviation interests, it is essential that Arizona establish a substantive, ongoing dialogue with appropriate entities in the federal government. Without strong working relations with the federal government, Arizona can not successfully deal with aviation issues.

The Aviation Advisory Committee to the Governor should work with federal agencies and should be charged with this specific responsibility. This initial dialogue could provide the template for a permanent liaison between Arizona and federal agencies.

Require Performance Based Planning and Programming

ADOT should develop, after consultation with local, regional and tribal transportation agencies, and the State Transportation Board should approve performance-based planning and programming processes for use by all transportation agencies within Arizona. All organizations charged with developing transportation priorities within the State should be mandated, by law, to use the adopted processes. The performance-based processes should be periodically reviewed and updated as condition and system requirements change. These processes should incorporate all modes of transportation and the transportation needs of all regions and all jurisdictions within the state. In addition, the processes should recognize and incorporate all publicly funded organizations involved in the provision of transportation services. The performance-based processes should include:

- Routine collection and reporting of comprehensive, verifiable data;
- Uniform performance measurements for all areas of the system, while recognizing local and regional differences in performance expectations and standards;
- Systematic forecasts of the anticipated performance outcomes of proposed expenditures; and
- Systematic periodic reporting and certification of system performance.

The performance data must measure the delivery of transportation services (the movement of goods and people) and the extent to which the overall transportation system is meeting the State's transportation needs. The goal of the measurements should be to determine the extent to which the system is moving people and goods in relation to the cost of doing so.

The adopted performance measures should provide consistent, minimum statewide standards and the performance of the system should be measured and periodically reported. The standards should recognize regional geographic and demographic differences. The performance measures and standards, to the extent possible, should be applicable across transportation modes although some may focus on a single mode as appropriate. Adequate funding and personnel should be included in ADOT's budget to cover the cost of developing and supporting the evolution of the planning and programming process improvements.

The roles and responsibilities of all participants in the transportation system (including state government, local governments, tribal governments and regional planning entities) should be clearly delineated, integrated and be more effectively coordinated. Planning, programming, and reporting processes must be integrated to ensure a sustainable and reliable system.

Coordinate Land Use Planning and Transportation Planning

Improved Coordination

State, regional and local planning entities must increase coordination of their long-range, land use plans and their long-range transportation plans.

Local land use plans must consider state and regional transportation plans, especially with respect to future transportation system corridors. In turn, state and regional transportation plans should recognize local land use plans. Where appropriate, these plans should also incorporate air quality measures.

The coordination and consideration of the overlaying transportation system plans and land use plans by all affected jurisdictions will increase the usefulness and benefits of those plans and will help avoid unintended conflicts in the future.

A regional transportation improvement plan should not be moved forward without appropriate land use coordination.

Planning for all future major transportation projects should include utility corridors adjacent to transportation corridors. However, any incremental costs of the utility corridors should be borne by the users of the utility corridors.

Cities, towns and counties should be required to notify ADOT and regional transportation planning authorities of any proposed, major amendments to their land use plans. Specifically, sections 9-461.06 A.R.S. and 11-824 A.R.S. should be amended to require such notice.

Evaluation of Major Projects

There should be public disclosure of the expected impacts of major public and private land use activities (including either commercial or residential development) on the expected performance of the transportation system. Local government should be required to notify ADOT of large proposed land use changes.

Under the direction of ADOT, a preliminary evaluation of the impact of the proposed change on the statewide and regional components of the transportation system should be conducted. The evaluation should consider the impact of the change on both local transportation patterns and regional through traffic. If the impact is initially determined to be potentially significant, the local agency responsible for approving the change should be responsible for funding a comprehensive evaluation of the impact of the proposed change on the future performance of the transportation system to be conducted under the direction of ADOT or the regional transportation district, as appropriate.

Based on the comprehensive evaluation, the local approving agency should be responsible for developing any transportation system improvements necessary to mitigate the expected impacts of the proposed change utilizing either its own monies or monies derived from the proposed

development. If the approving agency fails to effectively mitigate the expected impacts, ADOT or the regional transportation district, as appropriate, with the approval of the State Transportation Board, should undertake the required improvements and withhold sufficient state shared transportation revenues to cover the costs of the improvements.

A system of transportation system development fees should be authorized to provide an equitable source of funding for these required transportation system improvements.

Reduce Commuter Travel Demand through Improved Land Use Planning

Commuter travel demand, especially in the growing urban areas, could effectively be reduced by encouraging land use development patterns that balance nearby employment centers and residential developments. To maximize the effect, the employment opportunities developed within a local area should reflect, to the greatest extent possible, the employment choices of nearby residents.

Preserve Transportation Corridors

Local zoning and land use plans should recognize and preserve regional and statewide transportation corridors. Both existing and future right-of-way requirements should be incorporated into local plans and zoning, to avoid later, expensive right-of-way purchases.

The authority of ADOT and other transportation agencies in throughout the State to acquire future right-of-way should be expanded and extended.

ADOT should continue to use existing programs, including the federal "rails to trails" program, the federal "land banking" program, land exchanges, and other programs, to preserve rail rights of way, which would otherwise be abandoned, for future transportation purposes. The Arizona Legislature should enact legislation that would establish a lower property tax classification for rail rights of way that are not currently needed for service, but that are preserved for future transportation purposes.

Control Access along New State Roads

The State should establish strict access control standards on all future roadway development projects. Rural community bypasses and other new routes should be protected from gradual land use changes that increase local traffic and entering and exiting traffic.

Identify Future Transportation Corridors

As a part of the Long-Range Plan development process ADOT and other transportation agencies throughout the State in their planning processes, should identify future transportation corridors for preservation. State laws concerning corridor identification and advance acquisition should be modified to facilitate this practice.

Expand Multi-modal Planning

ADOT, and all transportation agencies within the State, should continue to expand their involvement into all modes of transportation. Attention should focus on the integration of the various modes to facilitate multi-modal mobility of both people and goods. The strengths, weaknesses and interrelationships of each mode should be recognized and the transportation planning processes should work to optimize each mode's strengths and minimize inter-modal conflicts.

The planning processes must incorporate a clear recognition that an effective transportation system moves people and products from their original location to their ultimate destination. The planning processes and information collected should include data regarding private transportation providers, such as trucking lines, airlines, railroads, private transit providers and freight delivery services. The processes should also incorporate input from public safety professionals regarding system design and operations.

Provide Technical Assistance for Local, Regional and Tribal Transportation Planning

ADOT should provide technical assistance to local, regional and tribal planning agencies for all phases of the transportation planning process. This assistance should include such activities as Geographic Information System data, transportation modeling and forecasting.

Periodically Review State Transportation Laws and Processes

The State Legislature should periodically review the State's transportation statutes and the transportation system's operational framework. This review should provide clear policy guidance and should recognize and incorporate changing federal laws and rules. A minimum of changes should be made between the periodic reviews to facilitate a stable planning and operating environment.

Periodically Review New Technologies

ADOT, as a part of the long-range planning processes, should periodically re-examine technically feasible, but which may not be financially feasible, such as high-speed rail systems, intercity rail lines, etc. This re-examination should include the privatization opportunities and the use of public private partnerships.

Expand and Improve Working Relations with Indian Tribes

Examine Legal Constraints

ADOT and the tribes should continue to meet and identify ways to resolve disputes that may arise between the tribes and ADOT on highway projects through contracts or intergovernmental agreements. Solutions should be developed in a manner that could be applicable to other state programs.

Increase Assistance

ADOT should initiate technical and planning assistance to tribes. The ADOT director should hire or assign sufficient planning staff to assist tribes with various activities, such as technical training, transportation studies, data compilation and transportation plans. The ADOT director should consider carefully the actual location of these ADOT planners in relationship to tribal communities.

Permit Direct Application

State law should be amended to provide tribes the option of applying directly for state LTAF II (transit assistance grant program). It is also recommended that tribes be allowed to use LTAF II to start up new transit services. ADOT regional planners could assist the tribes in applying for LTAF II grants and better coordinate local or regional transit systems that may provide vital transit service for many tribal members.

Encourage Joint Funding

ADOT, municipalities, counties and tribes should be encouraged to jointly fund transportation improvement projects and maintenance services on regionally significant roads located within tribal lands. ADOT's Transportation Planning Division as well as ADOT's district engineers could assist the tribes in identifying these regionally significant roads. The Inter Tribal Council of Arizona should work with ADOT staff to develop acceptable guidelines for determining what constitutes regionally significant roads on tribal lands that may be eligible for funding from a non-HURF revenue source.

Improve Communications

ADOT needs to formally establish a communication and consultation policy with tribes, when state highway projects involve and impact tribal lands. ADOT is currently changing its "consultation" policies to ensure proper consultation with tribes on ADOT projects that may impact tribal communities or tribal land. For example, this communication and consultation would include sharing information about available resources and funding related to transportation and the coordination of activities and notification to tribes on all planned projects impacting tribal lands/roads.

Enhance Transportation System Accountability and Responsiveness

ACCOUNTABILITY AND RESPONSIVENESS GOALS:

- *Integrate Transportation Planning, Design, Construction, Operations, Maintenance and Funding*
- *Increase Accountability of System to Citizens and Tax Payers*
- *Increase Emphasis on Statewide and Regional Priorities*

Task Force Recommendations:

Establish Comprehensive Financial Management

ADOT should be required to establish a comprehensive financial management system encompassing all aspects of the state transportation system. The comprehensive system should include separate certifications of future, estimated revenues and future, estimated system costs as reflected in the statewide twenty-year transportation plan. All transportation revenues (federal, state and local/regional) received by all state agencies should be included in the certification. All state transportation costs should be included in the certification of anticipated costs including optimal long-term system preservation costs, system maintenance and administration costs as well as system expansion costs. Adequate funding and personnel should be included in ADOT's budget to cover the costs of these responsibilities. All state and local agencies should be statutorily mandated to assist ADOT in preparing the certifications and tribal governments should be encouraged to participate. The certification should be completed every two years. The current "life-cycle" management process used by ADOT in connection with the Maricopa Regional Freeway System can serve as an initial model for the statewide system.

Increase Support for State and Local Transportation Planning

Specific revenues should be dedicated to funding expanded and improved multi-modal transportation planning and programming by state, regional and tribal transportation agencies. Using a portion of these monies, ADOT should expand its support for regional and tribal transportation planning activities. ADOT's budget should be increased to provide this additional support in the form of direct planning and technical assistance as well as planning grants.

Current transportation planning within the State is insufficient largely due to inadequate funding. Additional monies should be continuously appropriated to finance expanded and improved planning practices and procedures.

Audit the uses of dedicated transportation monies

The State Transportation Board should direct the conduct of a biennial, financial compliance audit of the state, city and county uses of HURF distributions, LTAF monies and other dedicated transportation revenues to ensure these monies are used solely for permitted transportation purposes.

Establish Transportation System Performance Measures

State law should require the State Transportation Board to direct the development of and to adopt key transportation system performance measures. These measures should be used to 1) guide the selection of transportation projects for the Six-Year Transportation Program; 2) serve as the basis for monitoring and reporting on the performance of the state's transportation system; and 3) allocate State and Federal financial resources among ADOT's major program categories.

The adopted transportation performance measures should be utilized by all state, regional tribal, and local transportation agencies for both planning and programming decisions. The measures, to the extent possible, should be applicable across transportation modes although some may focus on a single mode as appropriate. In conjunction with the adopted performance measures, the State Transportation Board should adopt standardized system performance data collection and reporting requirements for use by all state, regional, tribal, and local transportation agencies.

ADOT, after consultation with local, regional and tribal transportation agencies, should develop and use detailed criteria designed to meet the State Transportation Board's approved performance measures in identifying projects for the Six-Year Program. The project selection process should also conform to state and regional growth policies.

Expand and Strengthen the Arizona Transportation Board

Board Membership

The Arizona State Transportation Board should be increased to nine members. The members would no longer represent specific geographic "districts", but would represent the State as a whole. The following restrictions would be imposed on appointments to the State Transportation Board:

- No more than three State Transportation Board members should be appointed from counties with a population greater than one-third of the state's population, according to the most recent decennial census;
- No more than one State Transportation Board member may be appointed from any other county; and
- State Transportation Board members may not serve in elected positions.

The State Transportation Board members should serve 6-year terms. Two members should be appointed every other year and one member appointed on alternative years. The members should annually elect a Chairman and Vice-Chairman. The Chairman must be rotated annually and at least every third year, it should be a member from counties greater than one-third of the state's population.

In appointing members of the State Transportation Board, the Governor shall consider individuals with a wide variety of relevant experience, including knowledge of roadways, mass transit services, aviation, freight movement, bicycle and pedestrian needs, and local, regional, statewide, and tribal transportation issues.

State Transportation Board Staffing

The State Transportation Board should be provided, by law, adequate, separate staff (from ADOT) to evaluate the Transportation Policy Statement, the Twenty Year Transportation Plan, and the System Performance Measures. The State Transportation Board should have the authority to hire and fire its own staff.

Clarify State Responsibility for Interregional Routes and Facilities

ADOT, under the direction of the State Transportation Board, should have all planning, programming, development and maintenance responsibility for the following transportation systems:

Interstate Highways –(e.g. I-8, I-10, I-15,I-17, I-19, I-40)
Inter-Regional Highways.-(e.g. SR-85, SR 169, SR 87)
Intra-Regional Highways of statewide significance (e.g. Maricopa Freeways, US 60, SR 210 – Aviation Parkway)
Routes serving National and State Parks and other major activity centers
Inter-Regional Transit Services
State Aviation Fund Projects

ADOT Support of the State Transportation Board

ADOT should assist the State Transportation Board by:

Developing the Statewide Transportation Policies, the Statewide Transportation Plan and Needs Analysis;
Developing transportation performance measures and the annual performance reporting of the states transportation systems; and
Identifying transportation projects to be included in the Six-Year Transportation Program, based on the policies and analyses listed above.

Establish Urban Regional Transportation Districts

Overview

Regional Transportation Districts should be established in the large urban areas to address regional, multi-modal transportation requirements. The Districts should be responsible for developing, implementing and operating multi-modal transportation systems to meet regional transportation needs. The Districts should enable the large urban areas to improve and maintain regionally significant transportation systems and services through the establishment of transportation districts that are not bound to or limited by existing county or incorporated city boundaries.

State Establishment of Regional Transportation Districts

Regional Transportation Districts should be authorized in state law, which would provide legal basis for their creation and operations. In accordance with the state statutes, a Transportation

District (hereafter the "District") would be established to include urban areas with inter-related transportation systems. Districts should be established in all urban areas with a central city with a population in excess of 100,000 persons. Urban areas with a central city of less than 100,000 may create a District with the permission of the State Transportation Board.

District Boundaries

The boundaries of a District should be established at the expected twenty-year transportation planning area and should include all portions of a geographically integrated transportation region. An integrated transportation region can be identified using employment commuting patterns, commercial development patterns and other transportation system indicators. The State Transportation Board should verify the established boundaries of each District. The boundaries of each District should be periodically reviewed, at least every ten years, and adjusted to reflect changing transportation patterns.

District Governing Board

The District governing board would be elected and would be composed of five members serving staggered four-year terms. Members should not serve more than two full terms. The District governing board should have overall financial, operational and legal responsibility for the District.

Independent District Staff

The District would have an independent professional staff responsible for planning, designing, constructing, operating and maintaining regionally significant intraregional transportation facilities within the District. The District may utilize the services or personnel of other political subdivisions through intergovernmental agreement or hire its own staff.

District's Long Range Transportation Plan

The District Governing Board should approve a six-year intermodal transportation plan (consistent with the federal funding cycle) and twenty-year intermodal transportation plan for the District's transportation facilities. All District plans should be developed in accordance with the State adopted procedures and should incorporate State adopted performance based planning methods.

The District plan should include regional roadway, aviation, freight rail, rail passenger, bicycle and pedestrian and public transit services. The plan should identify programs and services to be accomplished in twenty years with the existing revenue stream. The District's plan should recognize and incorporate the inter-regional facilities identified in the State's long-range Transportation Plan.

The twenty-year plan should be updated every five years. The six-year plan should be updated annually.

The twenty-year plan and the six-year plan should conform to the state prescribed development process and transportation performance measures.

District's Responsibilities for Regional Facilities

The District should have all planning, programming, development, operational and maintenance responsibility for regionally significant transportation facilities including:

- Intra-Regional Transportation Systems and Facilities of regional significance (e.g. Glendale Ave. Baseline Road, Regional Express Bus Service (in MAG), Oracle and Tangerine (in PAG) and Gurley Street in Prescott)
- Inter-City, Intra-Regional Transit services

The District Board should determine, after consultation with local and state transportation agencies, the facilities and systems within its region for which it will be responsible. In instances of dispute over responsibility for specific facilities, the State Transportation Board should, by resolution, assign responsibilities for the disputed facilities.

The District should be subject to and recognize and incorporate all existing federal planning requirements, such as air quality conformance, in their planning and operating practices. The District should interact with existing, federally established planning agencies in the same manner as counties and cities.

The Districts, in cooperation with local governments and regional transportation planning agencies, should develop and adopt a needs analysis including system cost and available revenues and report the outcome of these studies to the State Department and District Board. The needs analysis should use common set of standards and performance measures established by the State.

The Districts should be authorized to enter into intergovernmental agreements with existing transportation agencies for the implementation of any of its duties and responsibilities.

Resolution of Conflicts Among Districts by State Transportation Board

To the extent that plans of adjacent Districts conflict, the State Transportation Department should mediate the areas of conflict and the State Transportation Board should adopt the controlling resolution.

Taxing Authority

The Districts should be empowered, by a vote of the governing board, to levy and collect sales taxes, property taxes and transportation development fees to fund their operations as prescribed by state statute. The power to authorize taxes should be delayed for two years following the creation of the District. The District Board may submit any tax or fee proposal for voter approval.

The Districts should also receive a share of any incremental transportation related revenues collected by the State for intraregional routes of regional significance. The Districts should be authorized to issue transportation bonds secured by local and state-shared revenues. The Districts should consider all available funding solutions, not just additional taxes.

> *Other approaches to improving transportation planning and implementation were discussed by the Task Force and will be made available during the public meetings.*

Development of 20 year Statewide Transportation System "Budget"

TWENTY YEAR FINANCIAL GOALS:

- *Quantify 20-Year Transportation System Needs*
- *Identify Existing and Required Supplemental Revenues*
- *Develop Fiscally Balanced Transportation Plan*

Task Force Study and Findings:

Quantify Twenty-Year, Statewide Multi-modal Transportation System Needs

Systematic Collection and Review of State, Regional, Local and Tribal transportation system needs studies and plans

Booz – Allen & Hamilton, Inc. (BAH), the Task Force Needs consultant, assembled over 200 documents from state, regional, local and tribal sources that documented future transportation needs throughout the State. These documents included well over 12,000 projects and represented future system requirements in all modes and areas of the state. In addition, BAH collected data and information concerning the costs of planning, operating, preserving and maintaining the statewide transportation system.

This is the first time a comprehensive assembly of all such documents and information has been attempted in Arizona.

Development of Non-duplicative Needs Database

The project cost information as well as the other system costs described above were subsequently entered into a single needs database. The database, among other things, identified the source of the costs of each project, the year of the development of the costs, the general purpose of the project, the location of the project and other pertinent characteristics. Following the building of the initial database structure, the data was reviewed to eliminate duplicative entries and costs. Due to the wide search for information and data initially conducted, some projects (and their associated costs) were identified in multiple documents. For example, an early small area transportation study might include costs subsequently included within a larger regional plan. Hundreds of such duplicative entries were researched and eliminated. The resulting data still has over 10,000 projects and cost items.

Standardization and Normalization of Needs Costs

The first phase in standardizing and normalizing the cost data within the database was to adjust all costs to year 2000 dollars. For example, costs in a 1997 study were increased to reflect the changes in costs between 1997 and 2000.

The second phase was to normalize and validate the costs within the database. Two separate methodologies were used to validate the costs in the database. First, the projects and costs within

the database were grouped by project category. The unit costs of each project were then compared to the typical unit cost for the category as a whole. If the costs for a particular project were more than one standard deviation above or below the median unit costs, the project was examined to determine is sufficient justification existed for deviation. If the project costs could not be explained by unusual circumstance such as difficult terrain, high right-of-way costs, etc., the project unit costs were adjusted to the standard deviation level. Simultaneously, the largest projects within the database, representing a substantial percentage of the total dollar costs in the database, were individually reviewed by BAH through comparison to similar large projects elsewhere in Arizona and nationally. The combined consequence of these two separate review methodologies is a substantial improvement in the reliability of the cost information within the database.

Extrapolation of Twenty Year Costs

Finally, reoccurring costs within the database, such as roadway sweeping or vehicle maintenance, were extrapolated to twenty-year costs. The amounts originally collected could have been based on one, two or five year cost estimates. These amounts were then adjusted to reflect similar costs over twenty years. In addition, the amounts were adjusted to reflect growth in the overall transportation system. For example, maintenance costs increase as the number of lane miles of roadway, or busses in service increase.

Upon completion of these steps the multi-modal transportation system needs database was complete and ready for use by the Task Force and its Analytical Consultant BAH.

Identification of Twenty Year Transportation System Revenues

Systematic Review and Estimation of Current Statewide Transportation Revenues

While BAH was developing the Transportation Needs Database, Wilbur Smith Associates (WSA), the Task Force Revenue Consultant, was developing estimates of the future transportation revenues. WSA undertook projections of all existing transportation revenues at the currently established rates over the next twenty years (currently scheduled tax increases and tax reductions were included). As with the needs data, the projected revenues were developed in year 2000 dollars. By using year 2000 dollars, the future uncertainty associated with fluctuating inflation rates is virtually eliminated.

WSA collected revenue information from federal, state and local sources as the basis for their projections. Individual revenue components were estimated based on the best available and most reasonable future economic indicators and variables. In some cases, the estimates reflect historical patterns, conservatively extrapolated. In other cases, detailed ten year forecasts exist, which expanded for a second ten-year period.

Upon completion of its work, WSA estimated the existing tax structure and other current sources would generate approximately $41 billion over the twenty-year period, in year 2000 dollars.

Estimation of Alternative Revenue Sources

In addition to estimating the twenty-year revenue amounts from *existing* sources, WSA also developed estimates of the revenue generating capacity of a wide variety of alternative revenue sources. Initially over twenty different sources were examined ranging from an income tax surcharge to parking fees.

The various alternative sources were reviewed with respect to their effectiveness, structure, impact, equity and feasibility.

Development of Twenty-Year, Statewide Multi-modal Transportation System Budget

Following the completion of the transportation needs database and development of the existing and alternative revenue data, the Task Force undertook the development of a twenty-year transportation budget for the State.

Development of Hypothetical Transportation Plans

BAH, serving as the Task Force Analytical Consultant, developed four "hypothetical" twenty-year transportation plans for the State. The first two plans reflected alternative approaches to "business as usual". The final two plans were developed to contrast alternative approaches to meeting the future transportation needs of the State. One plan reflected a greater reliance on future transit services and the other a continued primary reliance on automobiles and trucks.

Based on the outlines produced by BAH, WSA developed a series of alternative revenue structures that would produce sufficient revenues to fund the various twenty-year transportation plans.

Comprehensive, Twenty-Year, Multi-Modal Transportation System Budget

Following a detailed review of the "hypothetical" plans and alternative revenue structures, the Task Force undertook the development of a comprehensive, twenty-year, multi-modal transportation system budget for the State.

The first step in developing the transportation system budget was the identification of key principles and priorities for the future system. Among the principles and priorities identified by the Task Force were the following:

> The preservation of used and useful system assets is a priority. Preservation expenditures should be sufficient to minimize overall system costs.
>
> The costs of ensuring the system meets adequate safety levels should also be a high priority.

Strategies that increase the capacity of the existing system components should be encouraged and funded. These strategies include, but are not limited to, intelligent transportation systems.

Emphasis should be placed on the principal routes of statewide significance and routes of regional significance.

Emphasis should be placed on system improvements that address commuter traffic patterns and increasing congestion.

Planning and administration should be funded sufficiently to ensure that data and information concerning the future performance of the system is available to optimize future expenditure choices.

Expansionary projects that provide improved mobility in the most restricted areas and help avoid the deterioration of mobility to unacceptable levels should be undertaken

Projects and strategies that can be quickly implemented should be identified and scheduled as soon as practical.

Based on the priorities identified by the Task Force, the consultant team reviewed the transportation needs database and developed a preliminary twenty-year transportation system budget.

The initial step in this process was the identification of non-redundant costs. As the database contains multiple solutions for many transportation needs, it was necessary to identify the costs associated with a single solution for each identified system need. For example, if two separate studies had been competed -- one examining a roadway approach and the other a railway alternative -- to address a specific transportation need, including the cost of both alternatives would create redundancy in the budgeted costs. Upon elimination of redundant cost the overall twenty-year budget totaled in excess of $80 billion.

Subsequently, the consultant team reviewed the non-duplicative costs in light of the Task Force principles and priorities. On the basis of that review, the twenty-year transportation system budget was estimated at $61 billion.

Estimate of Required Additional Revenues

As a result of estimated twenty-year transportation system budget of $61 billion and the estimated approximately $41 billion the existing tax structure and other current sources would generate over the twenty-year period, the Task Force has identified the need for approximately $20 billion in additional revenues over the twenty-year period to achieve a fiscally balanced proposal.

Task Force Recommendations:

Increase Dedicated Transportation Revenues

More than 25 potential revenue sources were reviewed to identify the most appropriate elements for an overall revenue plan. Three emerged as the most appropriate sources for an approximately $20 billion revenue package – gas tax increase, use fuel tax increase and a statewide sales tax dedicated for transportation improvements.

The use of fuel tax revenues is restricted. Revenues from these Highway User Revenue Fund (HURF) sources can only be used for roadway needs. Sales tax revenue, however, is unrestricted and can be used for any transportation need – transit, aviation or roadway.

Fuel taxes are user-based taxes, with the amount of the tax paid related to vehicle use. Sales taxes are not direct user taxes, but do reflect the linkage between transportation infrastructure or service and the benefits it provides to the overall economy of an area. With ever increasing needs and costs, there has been the need to supplement, but not replace, vehicle-related user fees. Although the gas tax remains the backbone of roadway revenue, changes in fuel efficiency as well as alternative fuel types are eroding the effectiveness of this revenue source.

The Task Force favored a balanced approach, although many believe the sales tax should be emphasized due to the flexibility in applying the revenues to all modes of transportation. With this guidance, a revenue plan was developed. As indicated in the following table, prepared by Wilbur Smith Associates, the Task Force Revenue Consultant, the principal components are phased-in gas and use fuel tax increases in addition to a phased-in statewide sales tax increase and a new statewide development fee for new residential and commercial developments.

The revenue target is approximately $20 billion (in constant 2000 dollars) over the next twenty years. To reflect the earliest that any tax or fee increase could be implemented, the twenty-year revenue estimates extend through FY 2002-2021.

Table II-1 Suggested Revenue Plan

			Estimated Revenue By Time Period				20-Year
Use	**Source**	**Action**	FY2002-2006	FY2007-2011	FY 2012-2016	FY 2017-2021	**Yield**
Restricted	Gas Tax Increase	$0.05 in FY 2002	$561.6	$556.5	$534.6	$519.7	$2,172.4
		additional $0.04 in FY 2005	$179.6	$445.2	$427.7	$415.7	$1,468.2
		additional $0.02 in FY 2010		$87.9	$213.8	$207.9	$509.6
		additional $0.02 in FY 2015			$84.6	$207.9	$292.5
		Subtotal	**$741.2**	**$1,089.7**	**$1,260.7**	**$1,351.1**	**$4,442.7**
	Use Fuel Tax Increase	$0.05 in FY 2002	$153.1	$154.2	$148.5	$144.2	$600.1
		additional $0.04 in FY 2005	$49.2	$123.4	$118.8	$115.4	$406.8
		additional $0.02 in FY 2010		$24.4	$59.4	$57.7	$141.5
		additional $0.02 in FY 2015			$23.5	$57.7	$81.2
		Subtotal	**$202.4**	**$302.1**	**$350.2**	**$375.0**	**$1,229.6**
	Subtotal Restricted to Roadway Use		**$943.6**	**$1,391.8**	**$1,610.8**	**$1,726.1**	**$5,672.3**
Unrestricted	Sales Tax Increase	0.25% in FY 2002	$1,006.9	$1,153.8	$1,279.5	$1,435.7	$4,875.9
		additional 0.50% in FY 2006	$426.5	$2,307.7	$2,559.0	$2,871.4	$8,164.6
		Subtotal	**$1,433.4**	**$3,461.5**	**$3,838.5**	**$4,307.1**	**$13,040.5**
	Development Fees	beginning in FY 2003	$420.1	$456.8	$378.5	$317.1	$1,572.6
	Subtotal Unrestricted Use		**$1,853.5**	**$3,918.3**	**$4,217.0**	**$4,624.3**	**$14,613.1**
		Total	**$2,797.1**	**$5,310.1**	**$5,827.8**	**$6,350.4**	**$20,285.4**

Increase Fuel Taxes

The existing per gallon state gas and use fuel tax in Arizona are $0.18 and $0.26, respectively. Based on a survey of state and local fuel tax rates in effect in January 2000, Arizona ranked 40th in the nation in gas taxes and 10th in use fuel taxes. Other states are reviewing their transportation revenue outlook and adjusting fuel taxes accordingly. However, assuming no changes by other states, the initial $0.05 increase suggested for FY 2002 would result in Arizona moving up in the rankings to 19th and 1st for gas and use fuel taxes, respectively. It is noted that in January 2000 Nevada ranked first in state and local gas taxes with $0.33 and Pennsylvania ranked first in state and local diesel taxes with $0.308 per gallon.

It is most likely that many states will be making adjustments between FY 2005 and FY 2015 when additional increases are suggested. Therefore, no comparison is made on how Arizona would rank that far in the future.

Establish a Dedicated Statewide Sales Tax

The statewide sales tax surcharge is proposed to be phased-in, beginning with an 0.25% surcharge for transportation in FY 2002. An additional 0.5% surcharge is proposed in FY 2006 to coincide with the expiration of the Maricopa County Regional Area Road Fund (RARF) tax.

Establish Dedicated Statewide Development Fees for System Expansion

The suggested revenue plan also includes a statewide development fee. The revenue potential for such a fee was estimated using new housing starts. It was estimated that the equivalent of a $1,000 fee for each new residential development would generate on average $87.2 million per year. A lesser fee applied to both residential and commercial developments could be used to yield equivalent revenue levels. It is noted that the legal framework for a statewide development fee has to be developed.

Other Considerations

The forecasts of both needs and revenues are based on many assumptions, including population increases, vehicle usage, fuel consumption, inflation rates, disposable income, and other related factors. The long-range twenty-year planning horizon adds another dimension to the forecasts. As a result, the suggested revenue plan should be viewed as a blueprint for moving into the future, with adaptations necessary if underlying assumptions change.

There are other alternative revenue sources that could be considered if it becomes necessary to supplement the revenue generated by the primary revenue sources (i.e. fuel tax increases and the statewide sales tax surcharge). Examples include:

alternative fuel tax: the effectiveness of the gas tax may be eroded by the switch to alternative fuels, therefore consideration should be given to taxing alternative fuel sources.

sales tax on automobiles: Arizona has a sales tax on automobiles and the revenue is deposited in the State General Fund. All or a portion of this revenue source could be dedicated to transportation. This would not be a tax increase, but the reallocation of revenues from unspecified use to dedicated transportation use.

parking taxes: other municipalities have added a parking tax with the proceeds dedicated to transportation. This source not only generates revenue, but also is an incentive for considering ridesharing or transit usage.

public/private partnerships: there are mechanisms for financing specific projects that involve public/private partnerships. Toll roads and congestion pricing are examples. Opportunities for public/private partnerships should be explored on a case-by-case basis.

miscellaneous: examples of other actions raised by the Task Force include a tax on all property transfers and fuel tax indexing.

Revenue Production of Major Taxes

A one cent fuel tax increase produces approximately $27.8 million annually and approximately $556.8 million over twenty years. A five cent fuel tax increase produces approximately $139.0 million annually and approximately $2,781.0 million over twenty years.

A one-quarter percent statewide sales tax increase produces approximately $238.0 million annually and approximately $4,760.0 million over twenty years. A one-half percent statewide sales tax increase produces approximately $476.0 million annually and approximately $9,520.0 million over twenty years.

Estimated Household Impacts

Key impacts of the suggested revenue plan will be the increased tax burden to operate vehicles (that is, the additional amount spent in fuel taxes) and the additional sales tax burden. For the purpose of this assessment, a two-car household with a $40,000 household income is used. It is assumed that 25%, or $10,000, is spent on taxable items.

The following table, prepared by Wilbur Smith Associates, the Task Force Revenue Consultant, summarizes the estimated impact of each individual tax action as well as the total annual impact by time period. The initial $0.05 increase in state gas tax will result in $65 more in annual state gas tax payments. The 0.75% sales tax surcharge is expected to have a household impact of $75 annually.

Table II-2 Estimated Hosehold Impacts of Suggested Revenue Plan (see Notes)

Action	Gas Tax	Sales Tax	Total
$0.05 increase in FY 2002	$65		$65
$0.04 increase in FY 2005	$52		$52
0.25% surcharge in FY 2002		$25	$25
0.50% surcharge in FY 2006 *		$50	$50
Subtotal Annual Impact By End of FY 2002-2006	**$117**	**$75**	**$192**
$0.02 increase in FY 2010	$26		$26
Subtotal Annual Impact By End of FY 2007-2011	**$26**	**$0**	**$26**
$0.02 increase in FY 2015	$26		$26
Subtotal Annual Impact By End of FY 2012-2016	**$26**	**$0**	**$26**
Total Final Annual Impact	**$169**	**$75**	**$244**

* not an increase for Maricopa County since this replaces expired RARF tax
Note 1: Gas tax impacts assume two cars, each driven on average 12,000 miles per year with average of 18.5 mpg
Note 2: Impacts are for household with $40,000 average income, $10,000 spent on taxable items

Re-dedicate flight property taxes to the State Aviation Fund

All revenues collected from the state flight property tax should be deposited into the State Aviation Fund. Amounts previously diverted from the Fund should be restored. The rededication of the flight property tax will increase available state revenues for aviation purposes by approximately $126 million over twenty years and can be used to match many times more federal monies.

Monies in the Fund should be dedicated to capital improvements to Arizona's airports. Expenditures from the Fund should be dedicated to airports serving regional needs with an emphasis on economic development and vitality. Phoenix Sky Harbor and Tucson International airports should be limited to their current allocation from the Fund.

Increase Minimum Federal Highway Trust Fund Distributions

Arizona, along with several other states, receives a minimum of 90.5% of amount collected and deposited in the Federal Highway Trust Fund (less federal administrative deductions). Congress should act to immediately increase the minimum distribution amount to at least 95%.

Establish State Toll Road Authority, Encourage Public-Private Partnerships and Expand Privatization Authority

The State should authorize the development and operation of public toll roads. Public toll roads should be considered wherever fiscal analysis indicates opportunity exists to develop facilities that would not otherwise be developed. The public toll authority should facilitate use of private operators and other privatization activities including design build construction. The authority for public toll roads should include variable priced tolls for Single Occupant Vehicles (SOV) use of existing and future High Occupancy Vehicle (HOV) lanes, an example of congestion pricing.

The State Transportation Board and ADOT should pursue all available opportunities to extend available transportation revenues through public-private partnerships and increased privatization wherever appropriate.

The State transportation privatization law should be modified to encourage private investors to maximize project specific, user revenues and to permit ADOT to invest resources, including cash, in private consortium and to allow for the collection of tolls. The privatization process, including the procurement evaluation process, must be flexible enough to encourage and reward efficient innovative financing and public-private partnerships. In addition, ADOT should be authorized to reimburse private parties for proposal development costs related to innovative techniques.

Increase in Highway User Fund Bonding Capacity

The statutory limit on Highway User Revenue Bonds should be increased to $1.3 billion dollars to permit the State Transportation Board to optimize the financing of needed state highway facilities. The State Transportation Board should be authorized to issue bonds secured by any incremental transportation revenues to optimize the timing of the development of needed transportation facilities.

Establish Automatic Enactment of State Gas Tax Increase to Offset Federal Fuel Tax Reductions

State law should provide that to the extent the federal fuel tax is reduced, the state fuel tax should be automatically increased.

Restore Local Transportation Taxing Authority

The ability of local governments to enact incremental transportation taxes should be clearly established in state statute.

Authorize State Collection of Tribal Vehicle Taxes

ADOT should be authorized to act as a tax collection agent for indian tribes within the State that choose to impose a tribal vehicle license tax on tribal members in the same manner although at differing rates as the State's vehicle license tax, exclusively for transportation purposes. ADOT would remit the collections to the tribe imposing the tax, net of an appropriate administrative charge.

Identify and Establish Transportation System Funding Priorities

TRANSPORTATION SYSTEM FUNDING GOALS:

- *Establish Broad Priorities, not Project Specific Plans*
- *Respond to Citizens' Transportation Needs*
- *Provide Direction to Future Planners and Programmers*

Recommendations:

Prioritize System Preservation And Congestion Relief / Commuter Services

The first priority for transportation revenues should be maintenance and preservation of existing, used and useful system assets. Monies should be prioritized for preservation at the long-term optimal level. All transportation agencies should be mandated, by law, to establish system preservation analysis models similar to the pavement preservation model used by ADOT for the state highway system. Each such agency should periodically develop and report to ADOT the cost to optimally maintain and preserve their existing transportation systems. Any local transportation agency failing to properly maintain and preserve existing assets should be ineligible to receive future transportation revenue distributions. Adequate funding for personnel and systems to perform these duties should be provided from any proposed incremental transportation revenues.

The next highest priority for transportation revenues should be congestion relief, improving commuter services and reducing delays. A specific portion of state collected transportation revenues (in addition to local monies) should be dedicated to addressing existing and future commuter needs and congestion relief. Specific strategies that increase the effective capacity of existing system facilities should be funded and implemented as quickly as possible. Among the specific capacity enhancement strategies identified are expanded intraregional, intercity express bus service, adaptive traffic light synchronization, reversible lanes and the identification and configuration of "routes of regional significance" to facilitate greater carrying capacity.

Transportation plans should be developed to separate the various modes except at transfer points, to facilitate the free flow of traffic. For example, local buses (excluding express buses) should not be scheduled on major commuter corridors during peak commuter periods. Pedestrians and bicyclists should be separated from roadway traffic and freight rail services should be scheduled to avoid interference with major commuter movements, or overpasses (underpasses) should be constructed.

All transportation agencies should be required to undertake measures to improve operational efficiencies and capacity utilization improvements. Any agency failing to do so within two years should be ineligible to receive future transportation revenue distributions until the agency is in compliance.

Enhance Regional Capacity Utilization

A portion of any incremental transportation revenues should be deposited into a separate fund dedicated to implementing regional strategies and programs in the largest urban areas, to improve commuter traffic flows and increase utilization of existing system assets. The separate fund should initially be funded at $50 million to expedite required capital expenditure and subsequently as a fixed dollar amount or percentage of the new revenues. Eligible projects for the fund would include regional traffic light synchronization, regional traffic management systems, expanded "smart corridor" systems on regional routes, transit delay notification systems and other programs targeted at reducing commuter congestion and delays.

A portion of any incremental transportation revenues allocated to ADOT should be dedicated to the expedited implementation of capacity utilization enhancement programs on the state highway system. The expedited implementation of these programs should be a condition of continued receipt of future transportation revenue distributions.

The State should adopt roadway incident management policies that emphasize rapid clearing of traffic lanes and investigative techniques that minimize interference with the free flow of traffic.

Specific strategies that increase the effective capacity of existing system facilities should be funded and implemented as quickly as possible. Among the specific capacity expansion strategies identified are expanded intra-regional inter-city express bus service, adaptive traffic light synchronization, and the identification and configuration of appropriate "routes of regional significance" to facilitate greater carrying capacity.

Develop Urban Area HOV Lanes and HOT Lanes

The system of HOV lanes should be completed and connected in the major urban areas to facilitate movement of commuters. All future urban highway expansion projects should incorporate HOV lanes to the greatest extent practicable. In addition, the implementation of a system to permit the use of existing and future high occupancy vehicle lanes by single occupant vehicle paying a toll should be rigorously examined. If it is determined, using performance-based methods, that such a system would improve overall system performance it should be implemented. Variable priced tolls should be considered as a means to optimize utilization

Fund Grade Separated Rail Crossings

The State should establish a program to fund grade separated railroad intersections at major urban roadways. The program should focus on primary commuter routes and routes of regional significance and locations with safety concerns.

A dedicated funding source, from a portion of any incremental transportation revenues, should be established for the program. The program could be operated through a rail account under the Highway Extension and Expansion Loan Program (HELP). The amount of money in this account at any one time should be capped.

ADOT, in consultation with the Arizona Corporation Commission, municipalities, counties and the rail industry should identify critical rail crossings that would be eligible for assistance from HELP.

Whether the improvement involves new grade crossing technologies or infrastructure or establishing grade separation, the project should require a match from rail industry and a local or regional match. Federal funding, if available, could be used to meet match requirements (e.g. Surface Transportation Program or Congestion Mitigation and Air Quality monies).

The State Transportation Board, in consultation with appropriate stakeholders, should develop criteria for prioritizing rail crossing projects in a twenty-year plan..

Support Essential Air Service to Key Regional Airport

The State should examine an essential regional air service program to encourage regular commercial air service to the major regional airports outside the two large urban counties. The program should be examined by the Governor's Advisory Committee on Aviation.

Fund transportation corridor preservation

At least $10 million per year should be dedicated for the acquisition of future transportation corridors. The authority of ADOT and other transportation agencies throughout the State, to acquire future right-of-way should be expanded and extended beyond 10 years to any corridor identified in the twenty year planning process. The process for disposition of unneeded land should be improved.

Expand State Multi-modal Support

The current transportation funding structure, which includes specific modal restrictions, interferes with the development of an optimally responsive transportation system. Consequently, future funding should move toward greater flexibility in funding the overall transportation system.

State funding support of local transit services should be expanded and funded by permanent, reliable revenues. State assistance for transit, in the larger urban areas, should be focused on intra-regional, inter-city express transit systems designed to meet commuter needs and reduce congestion. Additional emphasis should be placed on travel reduction programs and incentives.

The Local Transportation Assistance Fund II program, or its successor, should be reviewed to provide greater funding flexibility among local jurisdictions to deliver transit services, especially in less densely populated areas. Specifically, funding should be doubled to $30 million per year on an ongoing basis. In addition, the expanded program should include coordination of all transit funding sources, such as K-12 bus passes, AHCCCS transportation subsidies, DES programs and others.

State assistance for transit, in the larger urban areas, should be focused on intra-regional, inter-city express transit systems designed to meet commuter needs and reduce congestion.

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